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DE RUEHPU #1641 2481158  
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FM AMEMBASSY PORT AU PRINCE  
TO RUEHC/SECSTATE WASHDC PRIORITY 3951  
INFO RUEHZH/HAITI COLLECTIVE PRIORITY  
RUEHBR/AMEMBASSY BRASILIA PRIORITY 1207  
RUEHSA/AMEMBASSY PRETORIA PRIORITY 1049  
RUEHQU/AMCONSUL QUEBEC PRIORITY 0569  
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

UNCLAS PORT AU PRINCE 001641

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STATE FOR WHA/CAR  
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SOUTHCOM ALSO FOR POLAD  
STATE PASS TO USAID FOR LAC/CAR  
INR/IAA (BEN-YEHUDA)  
COMMERCE FOR SCOTT SMITH  
TREASURY FOR JEFFERY LEVINE  
WHA/EX PLEASE PASS USOAS

E.O. 12958: N/A  
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SUBJECT: HAITI: JULY INFLATION ROSE .6 PERCENT

¶1. According to the latest figures from the Haitian Statistical Institute, overall inflation for July 2006 was .6 percent, resulting in an annual increase of 12.6 percent since July 2005. This is due to a price increases in clothing (4.3 percent), housing (5.6 percent), water (1.5 percent), energy (1.1 percent for propane gas), and health costs (9.8 percent). With rising prices and the school year beginning today, government employees are pressuring the GOH for a "fourteenth month" payment to help with school costs. (Note: At US \$400 per capita GDP, it is estimated parents spend 25 percent of their salary -- about US \$100 -- to send one child to school each academic year. The "fourteenth month" salary payment is a vestige of former President Jean Bertrand Aristide, which many government workers have come to expect. End note.)

¶2. Comment: A high inflation rate continues to plague Haiti. The IMF has targeted a single digit inflation rate for the next calendar year and claims that this is the greatest benefit the government could give Haiti's poor, to whom immediate purchasing power is more important than other long-term goals set out by the new government.  
TIGHE